Received: 11/18/2005 Status: CANCELLED Effective Date: 12/27/2006

PSC NO: 121 ELECTRICITY

NEW YORK STATE ELECTRIC & GAS CORPORATION

Initial Effective Date: 03/01/06

Leaf: 57.1

Revision: 0

Superseding Revision:

SERVICE CLASSIFICATION NO. 3 (Cont'd.)

RATE CHOICES AVAILABLE TO CUSTOMER: (CONT'D.)
4. NYSEG Variable Price Option (VPO) (Cont'd.)

Merchant Function Charge:

The Merchant Function Charge reflects the administrative costs of obtaining electricity supply. Customers whose electricity is supplied by an ESCO are not charged for this service. The Merchant Function Charge will be reset annually, to be effective February 1, using the methodology approved by the Commission in Case 05-E-1222.

Issued by: James A. Lahtinen, Vice President - Rates & Regulatory Economics, Binghamton, NY

Cancelled by supplement No. 6 effective 08/26/2006 Suspended to 12/27/2006 by order in Case 05-E-1222. See Supplement No. 5. The supplement filing date was 06/21/2006 Suspended to 06/27/2006 by order in Case 05-E-1222. See Supplement No. 3. The supplement filing date was 02/02/2006